

**Senate File 2293 - Reprinted**

SENATE FILE 2293  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3066)

(As Amended and Passed by the Senate March 13, 2012)

**A BILL FOR**

1 An Act relating to various matters under the purview of the  
2 insurance division of the department of commerce, providing  
3 penalties, and including effective date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 135.22A, subsection 2, paragraph g, Code  
2 2011, is amended by striking the paragraph.

3 Sec. 2. Section 502.412, subsection 3, Code 2011, is amended  
4 to read as follows:

5 3. *Disciplinary penalties — registrants.* If the  
6 administrator finds that the order is in the public interest  
7 and subsection 4, paragraphs "a" through "f", "h", "i", "j",  
8 "l", or "m", authorizes the action, an order under this chapter  
9 may censure, impose a bar, or impose a civil penalty in an  
10 amount not to exceed a maximum of ~~five~~ ten thousand dollars  
11 for a single violation or ~~five hundred thousand~~ one million  
12 dollars for more than one violation, or in an amount as agreed  
13 to by the parties, on a registrant, and, if the registrant is  
14 a broker-dealer or investment adviser, a partner, officer,  
15 director, or person having a similar status or performing  
16 similar functions, or a person directly or indirectly in  
17 control, of the broker-dealer or investment adviser.

18 Sec. 3. Section 502.604, subsection 4, Code Supplement  
19 2011, is amended to read as follows:

20 4. *Civil penalty — restitution — corrective action.* In a  
21 final order under subsection 3, the administrator may impose a  
22 civil penalty up to an amount not to exceed a maximum of ~~five~~  
23 ten thousand dollars for a single violation or ~~five hundred~~  
24 ~~thousand~~ one million dollars for more than one violation, or  
25 in an amount as agreed to by the parties, order restitution,  
26 or take other corrective action as the administrator deems  
27 necessary and appropriate to accomplish compliance with  
28 the laws of the state relating to all securities business  
29 transacted in the state.

30 Sec. 4. Section 502.604, Code Supplement 2011, is amended by  
31 adding the following new subsection:

32 NEW SUBSECTION. 5A. *Failure to obey cease and desist*  
33 *order.* A person who fails to obey a valid cease and desist  
34 order issued by the administrator under this section may, after  
35 notice and opportunity for a hearing, be subject to a civil

1 penalty in an amount of not less than one thousand dollars and  
2 not to exceed ten thousand dollars for violating the order.  
3 Each day the failure to obey the cease and desist order occurs  
4 or continues constitutes a separate violation of the order.  
5 The penalties provided in this subsection are in addition to,  
6 and not exclusive of, other remedies that may be available.

7 Sec. 5. Section 505.8, subsection 10, Code Supplement 2011,  
8 is amended to read as follows:

9 10. The commissioner may, after a hearing conducted  
10 pursuant to chapter 17A, assess fines or penalties~~;~~ assess  
11 costs of an examination, investigation, or proceeding~~;~~  
12 order restitution~~;~~ or take other corrective action as the  
13 commissioner deems necessary and appropriate to accomplish  
14 compliance with the laws of the state relating to all insurance  
15 business transacted in the state.

16 Sec. 6. NEW SECTION. **506.14 Voluntary dissolution of**  
17 **domestic mutual insurance companies.**

18 1. Any plan for voluntary dissolution of a domestic  
19 mutual insurance company licensed to transact the business  
20 of insurance under chapter 508, 515, 518, or 518A shall be  
21 presented for approval by the commissioner not less than ninety  
22 days in advance of notice of the plan to policyholders.

23 2. The commissioner shall approve the plan if the  
24 commissioner finds that the plan complies with all applicable  
25 provisions of law and is fair and equitable to the domestic  
26 mutual insurance company and its policyholders.

27 Sec. 7. Section 507.10, subsection 4, paragraph a, Code  
28 2011, is amended to read as follows:

29 a. All orders entered pursuant to subsection 3, paragraph  
30 "a", shall be accompanied by findings and conclusions resulting  
31 from the commissioner's consideration and review of the  
32 examination report, relevant examiner work papers, and any  
33 written submissions or rebuttals. Any such order is a final  
34 administrative decision and may be appealed pursuant to chapter  
35 17A, and shall be served upon the company by certified mail,

1 together with a copy of the adopted examination report. Within  
 2 ~~thirty days of the issuance of the adopted report, the company~~  
 3 ~~shall file affidavits executed by each of its directors stating~~  
 4 ~~under oath that they have received a copy of the adopted report~~  
 5 ~~and related orders. The board of directors of the company~~  
 6 shall timely review the adopted report. The minutes of the  
 7 meeting of the board at which the adopted report is considered  
 8 shall reflect that each member of the board has reviewed the  
 9 adopted report.

10 Sec. 8. Section 507.14, subsection 4, Code 2011, is amended  
 11 to read as follows:

12 4. Confidential documents, materials, information,  
 13 administrative or judicial orders, or other actions may be  
 14 disclosed to a regulatory official of any state, federal  
 15 agency, or foreign country provided that the recipients are  
 16 required, under their law, to maintain their confidentiality.  
 17 Confidential records may be disclosed to the national  
 18 association of insurance commissioners, the international  
 19 association of insurance supervisors, and the bank for  
 20 international settlements, provided that the association  
 21 certifies associations and the bank certify by written  
 22 statement that the confidentiality of the records will be  
 23 maintained.

24 Sec. 9. Section 507B.4, Code 2011, is amended by adding the  
 25 following new subsection:

26 NEW SUBSECTION. 20. *Refund of unearned premium.* Failure of  
 27 an issuer of a Medicare supplement policy to adjust coverage  
 28 dates to terminate coverage on the date that coincides with  
 29 the effective date of a policy or contract providing any  
 30 hospital, medical, prescription drug, or other health care  
 31 benefits pursuant to 42 U.S.C. ch. 7, subch. XVIII, Part C,  
 32 commonly known as Medicare Part C, pursuant to Tit. XVIII of  
 33 the federal Social Security Act, or any regulations issued  
 34 pursuant thereto, and to refund any unearned premium to the  
 35 insured based on that revised termination date, where the

1 policyholder or contract holder provides written notice to the  
2 issuer that the policyholder or contract holder desires to  
3 terminate the policy or contract and provides documentation  
4 substantiating that the policyholder or contract holder has  
5 coverage commonly known as Medicare Part C. This subsection  
6 shall not be construed to require a refund of premium for any  
7 period of time in excess of five years prior to the date that  
8 written notice is provided to an issuer.

9     Sec. 10. NEW SECTION. 507C.17A Rehabilitation or  
10 liquidation of a domestic insurer covered under the federal  
11 Dodd-Frank Wall Street Reform and Consumer Protection Act.

12     1. The provisions of this section apply in accordance  
13 with Tit. II of the federal Dodd-Frank Wall Street Reform and  
14 Consumer Protection Act, Pub. L. No. 111-203, 12 U.S.C. § 5301  
15 et seq., with respect to a domestic insurer that is a covered  
16 financial company, as that term is defined under 12 U.S.C. §  
17 5381.

18     2. The commissioner may petition the district court for an  
19 order of rehabilitation or liquidation of a domestic insurer  
20 pursuant to this section on any of the following grounds:

21     a. Upon a determination and notification given by the  
22 secretary of the treasury of the United States, in consultation  
23 with the president of the United States, that the insurer is  
24 a covered financial company satisfying the requirements of  
25 12 U.S.C. § 5383(b), and the board of directors, or a body  
26 performing similar functions of a board of directors, of the  
27 insurer acquiesces or consents to the appointment of a receiver  
28 pursuant to 12 U.S.C. § 5382(a)(1)(A)(i) with such consent  
29 to be considered as consent to an order of rehabilitation or  
30 liquidation.

31     b. Upon an order of the United States district court for  
32 the District of Columbia under 12 U.S.C. § 5382(a)(1)(A)(iv)(I)  
33 granting the petition of the secretary of the treasury of  
34 the United States concerning the insurer under 12 U.S.C. §  
35 5382(a)(1)(A)(i).

1     *c.* A petition by the secretary of the treasury of the United  
2 States concerning the insurer is granted by operation of law  
3 under 12 U.S.C. § 5382(a)(1)(A)(v).

4     3. Notwithstanding any other provision of law to the  
5 contrary, after notice to the insurer, a district court  
6 may grant an order of rehabilitation or liquidation within  
7 twenty-four hours after the filing of such a petition pursuant  
8 to this section.

9     4. If the district court does not make a determination on a  
10 petition for an order of rehabilitation or liquidation filed by  
11 the commissioner pursuant to this section within twenty-four  
12 hours after the filing of the petition, the order shall be  
13 deemed granted by operation of law upon the expiration of the  
14 twenty-four-hour period.

15     *a.* At the time that an order is deemed granted under this  
16 subsection, the provisions of this chapter shall be deemed  
17 to be in effect, and the commissioner shall be deemed to be  
18 affirmed as receiver and to have all of the applicable powers  
19 provided by this chapter, regardless of whether an order has  
20 been entered by the district court.

21     *b.* If an order is deemed granted by operation of law under  
22 this subsection, the district court shall expeditiously enter  
23 an order of rehabilitation or liquidation that does all of the  
24 following:

25         (1) Is effective as of the date that the order is deemed  
26 granted by operation of law.

27         (2) Conforms to the provisions for rehabilitation or  
28 liquidation of an insurer contained in this chapter, as  
29 applicable.

30     5. An order of rehabilitation or liquidation made pursuant  
31 to this section shall not be subject to a stay or injunction  
32 pending appeal.

33     6. Nothing in this section shall be construed to supersede  
34 or impair any other power or authority of the commissioner or  
35 the district court under this chapter.

1     Sec. 11. Section 507E.5, subsection 2, Code 2011, is amended  
2 to read as follows:

3     2. The commissioner may share documents, materials, or  
4 other information, including confidential and privileged  
5 documents, materials, or other information, with other  
6 state, federal, and international regulatory agencies, with  
7 the national association of insurance commissioners and its  
8 affiliates or subsidiaries, and with local, state, federal, and  
9 international law enforcement authorities, provided that the  
10 recipient agrees to maintain the confidential and privileged  
11 status of the document, material, or other information,  
12 pursuant to Iowa law.

13     Sec. 12. Section 511.8, subsection 14, Code Supplement  
14 2011, is amended to read as follows:

15     14. *Urban real estate and personal property.*

16     a. Personal or real property or both located within the  
17 United States or the Dominion of Canada, other than real  
18 property used or to be used primarily for agricultural,  
19 horticultural, ranching or mining purposes, which produces  
20 income or which by suitable improvement will produce income.  
21 However, personal property acquired under this subsection shall  
22 be acquired for the purpose of entering into a contract for  
23 the sale or for a use under which the contractual payments  
24 may reasonably be expected to result in the recovery of the  
25 investment and an investment return within the anticipated  
26 useful life of the property. Legal title to the real property  
27 may be acquired subject to a contract of sale.

28     b. "Real property" as used in this subsection includes a all  
29 of the following:

30     (1) A leasehold of real estate, ~~an.~~

31     (2) An undivided interest in a leasehold of real estate, ~~and~~  
32 an.

33     (3) An undivided interest in the fee title of real estate.

34     (4) A controlling membership, partnership, shareholder, or  
35 trust interest in any entity created solely for the purpose

1 of owning and operating any of the interests described in  
 2 subparagraph (1), (2), or (3), if the entity is expressly  
 3 limited to that purpose within its organizational documents.

4 c. Investments under this subsection are not eligible in  
 5 excess of ten percent of the legal reserve.

6 Sec. 13. Section 511.8, subsection 19, Code Supplement  
 7 2011, is amended to read as follows:

8 19. *Other foreign government or corporate obligations.*

9 a. Bonds or other evidences of indebtedness, not to  
 10 include currency, issued, assumed, or guaranteed by a foreign  
 11 government other than Canada, or by a corporation incorporated  
 12 under the laws of a foreign government other than Canada. Such  
 13 governmental obligations must be valid, legally authorized  
 14 and issued, and on the date of acquisition have predominantly  
 15 investment qualities and characteristics as provided by  
 16 rule. Such corporate obligations must meet the qualifications  
 17 established in subsection 5 for bonds and other evidences of  
 18 indebtedness issued, assumed, or guaranteed by a corporation  
 19 incorporated under the laws of the United States or Canada.  
 20 Foreign investments authorized by this subsection are not  
 21 eligible in excess of ~~twenty~~ twenty-five percent of the  
 22 legal reserve of the life insurance company or association.  
 23 Investments in obligations of a foreign government, other  
 24 than Canada ~~and~~, the United Kingdom, and foreign governments  
 25 rated AAA by Standard and Poor's division of McGraw-Hill  
 26 companies, inc., or Aaa by Moody's investors services, inc.,  
 27 are not eligible in excess of two percent of the legal reserve  
 28 in the securities of foreign governments of any one foreign  
 29 nation. Investments in obligations of the United Kingdom are  
 30 not eligible in excess of four percent of the legal reserve.  
 31 Investments in obligations of foreign governments rated either  
 32 AAA by Standard and Poor's division of McGraw-Hill companies,  
 33 inc., or Aaa by Moody's investors services, inc., are not  
 34 eligible in excess of five percent of the legal reserve.  
 35 Investments in a corporation incorporated under the laws of a



1 foreign government other than Canada are not eligible in excess  
2 of two percent of the legal reserve in the securities of any  
3 one foreign corporation.

4 b. Eligible investments in foreign obligations under this  
5 subsection are limited to the types of obligations specifically  
6 referred to in this subsection. This subsection in no way  
7 limits or restricts investments in Canadian obligations and  
8 securities specifically authorized in other subsections of this  
9 section.

10 c. This subsection shall not authorize investment in  
11 evidences of indebtedness issued, assumed, or guaranteed by a  
12 foreign government which engages in a consistent pattern of  
13 gross violations of human rights.

14 Sec. 14. Section 511.8, subsection 23, Code Supplement  
15 2011, is amended by adding the following new paragraph:

16 NEW PARAGRAPH. *g.* For securities loaned pursuant to this  
17 subsection that are included in the legal reserve of the life  
18 insurance company or association, the collateral received for  
19 the loaned securities shall not be eligible for inclusion in  
20 the legal reserve.

21 Sec. 15. Section 511.40, Code 2011, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 5. *a.* The gross amount of premiums  
24 received by a life insurance company or association for an  
25 employer-owned life insurance contract which has not been  
26 allocated to another state shall be allocated to this state  
27 for purposes of section 432.1, subsection 1, if either of the  
28 following is applicable:

29 (1) The contract is issued or delivered in this state.

30 (2) The company or association is domiciled in this state.

31 *b.* To the extent that premiums are allocated to this state  
32 pursuant to paragraph "a", the provisions of section 505.14 are  
33 not applicable to those premiums.

34 *c.* As used in this subsection, "*employer-owned life*  
35 *insurance contract*" means a policy which provides coverage on

1 a life for which the employer has an insurable interest under  
2 this section or a similar provision of the laws of another  
3 state and the policy is owned by either the employer or a trust  
4 established by the employer for the benefit of the employer or  
5 the employer's active or retired employees.

6 Sec. 16. Section 514.4, Code 2011, is amended to read as  
7 follows:

8 **514.4 Directors.**

9 1. At least two-thirds of the directors of a hospital  
10 service corporation, medical service corporation, dental  
11 service corporation, or pharmaceutical or optometric service  
12 corporation subject to this chapter shall be at all times  
13 subscribers and not more than one-third of the directors  
14 shall be providers as provided in this section. The board of  
15 directors of each corporation shall consist of at least nine  
16 members.

17 2. A subscriber director is a director of the board of  
18 a corporation who is a subscriber and who is not a provider  
19 of health care pursuant to section 514B.1, subsection 7, a  
20 person who has material financial or fiduciary interest in the  
21 delivery of health care services or a related industry, an  
22 employee of an institution which provides health care services,  
23 or a spouse or a member of the immediate family of such a  
24 person. However, a subscriber director of a dental service  
25 corporation may be an employee, officer, director, or trustee  
26 of a hospital or other entity that does not have a provider  
27 contract with the dental service corporation. A subscriber  
28 director of a hospital or medical service corporation shall be  
29 a subscriber of the services of that corporation.

30 3. A provider director of a corporation subject to this  
31 chapter shall be at all times a person who has a material  
32 financial interest in or is a fiduciary to or an employee  
33 of or is a spouse or member of the immediate family of a  
34 provider having a contract with such corporation to render to  
35 its subscribers the services of such corporation or who is a

1 hospital trustee.

2     4. A director may serve on a board of only one corporation  
3 at a time subject to this chapter.

4     5. The commissioner of insurance shall adopt rules pursuant  
5 to chapter 17A to implement the process of the election of  
6 subscriber directors of the board of directors of a corporation  
7 to ensure the representation of a broad spectrum of subscriber  
8 interest on each board and establish criteria for the selection  
9 of nominees. The rules shall provide for an independent  
10 subscriber nominating committee to serve until the composition  
11 of the board of directors meets the percentage requirements  
12 of this section. Once the composition requirements of this  
13 section are met, the nominations for subscriber directors  
14 shall be made by the subscriber directors of the board under  
15 procedures the board establishes which shall also permit  
16 nomination by a petition of at least fifty subscribers. The  
17 board shall also establish procedures to permit nomination of  
18 provider directors by petition of at least fifty participating  
19 providers. A member of the board of directors of a corporation  
20 subject to this chapter shall not serve on the independent  
21 subscriber nominating committee. The nominating committee  
22 shall consist of subscribers as defined in this section. The  
23 rules of the commissioner of insurance shall also permit  
24 nomination of subscriber directors by a petition of at least  
25 fifty subscribers, and nomination of provider directors  
26 by a petition of at least fifty participating providers.  
27 These petitions shall be considered only by the independent  
28 nominating committee during the duration of the committee.  
29 Following the discontinuance of the committee, the petition  
30 process shall be continued and the board of directors of the  
31 corporation shall consider the petitions. The independent  
32 subscriber nominating committee is not subject to chapter 17A.  
33 The nominating committee shall not receive per diem or expenses  
34 for the performance of their duties.

35     6. Population factors, representation of different

1 geographic regions, and the demography of the service area of  
2 the corporation subject to this chapter shall be considered  
3 when making nominations for the board of directors of a  
4 corporation subject to this chapter.

5     7. A corporation serving states in addition to Iowa shall be  
6 required to implement this section only for directors who are  
7 residents of Iowa and elected as board members from Iowa.

8     Sec. 17. Section 514E.1, Code 2011, is amended by adding the  
9 following new subsection:

10     NEW SUBSECTION. 12A. "*HIIPIOWA-FED*" means the limited  
11 liability company organized by the association for the  
12 purposes of administering the state of Iowa temporary high-risk  
13 insurance pool program pursuant to a contract with the United  
14 States department of health and human services.

15     Sec. 18. Section 514E.2, subsection 2, Code 2011, is amended  
16 by striking the subsection and inserting in lieu thereof the  
17 following:

18     2. *a.* The board of directors of the association shall  
19 consist of seven voting members and seven nonvoting members.  
20 The voting members shall be appointed by the governor, subject  
21 to confirmation by the senate. The governor shall designate  
22 one voting member as chairperson and one as vice chairperson.

23     *b.* The voting members of the board of directors shall be  
24 appointed by the governor as follows:

25     (1) Two persons who represent the interests of small  
26 business from nominations made to the governor by nationally  
27 recognized groups that represent the interests of small  
28 business.

29     (2) Two persons who represent the interests of consumers  
30 from nominations made to the governor by nationally recognized  
31 groups that represent the interests of consumers.

32     (3) One person who is an insurance producer licensed under  
33 chapter 522B.

34     (4) One person who is a health care actuary or economist  
35 with expertise in health insurance.

1 (5) One person who is a health care provider.

2 c. The nonvoting members are as follows:

3 (1) The commissioner or the commissioner's designee.

4 (2) The director of human services or the director's  
5 designee.

6 (3) The director of public health or the director's  
7 designee.

8 (4) Four members of the general assembly, one appointed  
9 by the speaker of the house of representatives, one appointed  
10 by the minority leader of the house of representatives,  
11 one appointed by the majority leader of the senate, and one  
12 appointed by the minority leader of the senate.

13 d. Meetings of the board of directors shall be held at  
14 the call of the chairperson or upon the request of at least  
15 two voting members. Four voting members shall constitute a  
16 quorum and the affirmative vote of four voting members shall be  
17 necessary for any action taken by the board.

18 e. The voting members of the board of directors shall be  
19 appointed for staggered terms of three years within sixty  
20 days after the effective date of this section of this Act and  
21 by December 15 of each year thereafter. The initial terms  
22 of the voting members of the board shall be staggered at the  
23 discretion of the governor. A voting member of the board is  
24 eligible for reappointment. The governor shall fill a vacancy  
25 on the board in the same manner as the original appointment for  
26 the remainder of the term.

27 f. Members of the board may be reimbursed from the moneys  
28 of the association for expenses incurred by them as members,  
29 but shall not be otherwise compensated by the association for  
30 their services.

31 Sec. 19. Section 514E.2, subsection 4, Code 2011, is amended  
32 to read as follows:

33 4. a. The plan of operation may provide that the powers  
34 and duties of the association may be delegated to a person who  
35 will perform functions similar to those of the association.

1 A delegation under this section takes effect only upon the  
2 approval of both the board of directors and the commissioner.  
3 The commissioner shall not approve a delegation unless  
4 the protections afforded to the insured are substantially  
5 equivalent to or greater than those provided under this  
6 chapter.

7 b. A delegation made to a person pursuant to this subsection  
8 shall be subject to annual review by the government oversight  
9 standing committees of the general assembly. Within sixty  
10 days after the effective date of this section of this Act  
11 and annually thereafter, any person to whom the powers and  
12 duties of the association have been delegated pursuant to this  
13 subsection shall submit a report to the government oversight  
14 committees setting forth the following:

15 (1) The scope of the functions performed by the person.

16 (2) Any contractual provisions between the person and the  
17 association or between the person and any other entity on  
18 behalf of the association.

19 (3) An accounting of the activities and services performed  
20 by the person on behalf of the association.

21 (4) An accounting of all payments made to the person by the  
22 association, including but not limited to an itemization of the  
23 services rendered and the amount of each payment apportioned to  
24 the performance of each activity or service.

25 (5) Any other information requested by the board of  
26 directors of the association, the commissioner of insurance, or  
27 the government oversight committees.

28 Sec. 20. Section 514E.2, Code 2011, is amended by adding the  
29 following new subsection:

30 NEW SUBSECTION. 5A. The association shall accept  
31 third-party payment of premiums for an individual enrolled in  
32 health insurance coverage from the association.

33 Sec. 21. Section 514E.2, subsection 7, Code 2011, is amended  
34 by adding the following new paragraph:

35 NEW PARAGRAPH. 0b. Following the close of each calendar

1 year, HIPIOWA-FED shall determine the net premiums and  
 2 payments, the expenses of administration, and the incurred  
 3 losses of the program for the year. HIPIOWA-FED shall certify  
 4 the amount of any net loss for the preceding calendar year to  
 5 the commissioner of insurance and director of revenue and to  
 6 the United States department of health and human services. In  
 7 the event that additional federal funding is not provided to  
 8 HIPIOWA-FED to offset the loss, the loss shall be assessed by  
 9 the association on behalf of HIPIOWA-FED to all members of the  
 10 association in proportion to their respective shares of total  
 11 health insurance premiums or payments for subscriber contracts  
 12 received in Iowa during the second preceding calendar year, or  
 13 with paid losses in the year, coinciding with or ending during  
 14 the calendar year or on any other equitable basis as provided  
 15 in the plan of operation of the association or as required by  
 16 the United States department of health and human services. In  
 17 sharing losses, the association, on behalf of HIPIOWA-FED, may  
 18 abate or defer in any part the assessment of a member, if, in  
 19 the opinion of the board of the association, payment of the  
 20 assessment would endanger the ability of the member to fulfill  
 21 its contractual obligations. The association, on behalf  
 22 of HIPIOWA-FED, may also provide for an initial or interim  
 23 assessment against members of the association if necessary to  
 24 assure the financial capability of HIPIOWA-FED to meet the  
 25 incurred or estimated claims expenses or operating expenses of  
 26 the temporary high-risk insurance pool program until the next  
 27 calendar year is completed. Net gains, if any, must be held at  
 28 interest to offset future losses or allocated to reduce future  
 29 premiums.

30 Sec. 22. Section 514E.2, Code 2011, is amended by adding the  
 31 following new subsections:

32 NEW SUBSECTION. 12A. The association shall be considered a  
 33 governmental body for purposes of chapter 21 and a government  
 34 body for purposes of chapter 22. A person to whom the  
 35 association delegates the duties and powers of the association

1 shall be considered a governmental body for purposes of chapter  
2 21 and a government body for purposes of chapter 22 to the  
3 extent that the person carries out the powers and duties of the  
4 association.

5 NEW SUBSECTION. 12B. HIPIOWA-FED shall be considered a  
6 governmental body for purposes of chapter 21 and a government  
7 body for purposes of chapter 22. A person to whom the duties  
8 and powers of the limited liability company are delegated shall  
9 be considered a governmental body for purposes of chapter  
10 21 and a government body for purposes of chapter 22 to the  
11 extent that the person carries out the powers and duties of the  
12 limited liability company.

13 Sec. 23. Section 514E.7, subsection 5, paragraph d, Code  
14 2011, is amended by striking the paragraph.

15 Sec. 24. Section 514J.103, subsection 1, Code Supplement  
16 2011, is amended to read as follows:

17 1. Except as provided in subsection 2, this chapter shall  
18 apply to all health carriers, including health carriers issuing  
19 a policy or certificate that provides coverage for dental care.

20 Sec. 25. Section 514J.103, subsection 2, paragraph a, Code  
21 Supplement 2011, is amended to read as follows:

22 a. A policy or certificate that provides coverage only for a  
23 specified disease, specified accident or accident-only, credit,  
24 disability income, hospital indemnity, long-term care, ~~dental~~  
25 ~~care~~, vision care, or any other limited supplemental benefit.

26 Sec. 26. Section 515.26, Code 2011, is amended to read as  
27 follows:

28 **515.26 Directors.**

29 The affairs of a company organized as provided by this  
30 chapter shall be managed by a number of directors, of not less  
31 than five nor more than twenty-one. ~~In the case of a mutual~~  
32 ~~company, all such directors shall be policyholders.~~

33 Sec. 27. Section 515.69, subsection 1, Code 2011, is amended  
34 to read as follows:

35 1. A stock insurance company organized under or by the



1 laws of any other state or foreign government for the purpose  
 2 specified in this chapter, shall not, directly or indirectly,  
 3 take risks or transact business of insurance in this state  
 4 unless the company ~~has two and one-half million dollars of~~  
 5 ~~actual paid-up capital, and a surplus in cash or invested in~~  
 6 ~~securities authorized by law of not less than two and one-half~~  
 7 ~~million dollars,~~ possesses the actual amount of capital and  
 8 surplus required of any company organized pursuant to this  
 9 chapter, or if the company is a mutual insurance company, the  
 10 actual amount of surplus required of any mutual insurance  
 11 company organized pursuant to this chapter, exclusive of assets  
 12 deposited in a state, territory, district, or country for the  
 13 special benefit or security of those insured in that state,  
 14 territory, district, or country.

15 Sec. 28. Section 515.136, Code 2011, is amended to read as  
 16 follows:

17 **515.136 Value of building — liability.**

18 ~~The insurance company or association issuing such policy may~~  
 19 ~~show the actual value of said property at date of policy, and~~  
 20 ~~any depreciation in the value thereof before the loss occurred;~~  
 21 ~~but the said~~ An insurance company or association shall be  
 22 liable for the actual value of the property insured at the date  
 23 of the loss, unless such value exceeds the amount stated in the  
 24 policy.

25 Sec. 29. Section 515A.7, subsection 1, paragraph b,  
 26 subparagraph (5), Code 2011, is amended to read as follows:

27 (5) An insurer may adopt a ~~scheduled or~~ schedule rating plan  
 28 providing for credits or debits in an amount not exceeding the  
 29 maximum modification allowed as set forth by the commissioner  
 30 by rule. This amount shall be in addition to the permitted  
 31 deviations set forth in subparagraphs (1) through (4).

32 Sec. 30. Section 518.14, subsection 4, paragraph f,  
 33 unnumbered paragraph 1, Code 2011, is amended to read as  
 34 follows:

35 Common stocks, common stock equivalents, mutual fund

1 shares, securities convertible into common stocks or common  
2 stock equivalents, or preferred stocks issued or guaranteed  
3 by a corporation incorporated under the laws of the United  
4 States or a state, or the laws of Canada or a province of  
5 Canada, or limited partnerships publicly traded on a nationally  
6 established stock exchange in the United States. Aggregate  
7 investments in nondividend paying stocks shall not exceed five  
8 percent of surplus.

9     Sec. 31. Section 518A.12, subsection 4, paragraph f,  
10 unnumbered paragraph 1, Code 2011, is amended to read as  
11 follows:

12     Common stocks, common stock equivalents, mutual fund  
13 shares, securities convertible into common stocks or common  
14 stock equivalents, or preferred stocks issued or guaranteed  
15 by a corporation incorporated under the laws of the United  
16 States or a state, or the laws of Canada or a province of  
17 Canada, or limited partnerships publicly traded on a nationally  
18 established stock exchange in the United States. Aggregate  
19 investments in nondividend paying stocks shall not exceed five  
20 percent of surplus.

21     Sec. 32. Section 521E.1, subsection 4, unnumbered paragraph  
22 1, Code 2011, is amended to read as follows:

23     "*Domestic insurer*" means an insurance company domiciled in  
24 this state and licensed to transact the business of insurance  
25 under chapter 508, 512B, 515, or 520, except that it shall not  
26 include any of the following:

27     Sec. 33. Section 521E.1, subsection 4, paragraph b, Code  
28 2011, is amended by striking the paragraph.

29     Sec. 34. Section 521E.1, subsections 6 and 7, Code 2011, are  
30 amended to read as follows:

31     6. "*Foreign insurer*" means an insurance company not  
32 domiciled in this state which is licensed to transact the  
33 business of insurance in this state under chapter 508, 512B,  
34 515, or 520.

35     7. "*Life and health insurer*" means an insurance company

1 licensed under chapter 508, a fraternal benefit society  
2 organized under chapter 512B, or a licensed property and  
3 casualty insurer writing only accident and health insurance  
4 under chapter 515.

5 Sec. 35. Section 521E.3, subsection 1, paragraph a,  
6 subparagraph (2), Code Supplement 2011, is amended to read as  
7 follows:

8 (2) For a life and health insurer, the insurer's  
9 total adjusted capital is greater than or equal to its  
10 company-action-level risk-based capital but less than the  
11 product of its authorized-control-level risk-based capital and  
12 ~~two and one-half~~ three, and has a negative trend.

13 Sec. 36. Section 522C.6, Code 2011, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 3. *a.* A licensed public adjuster who,  
16 after hearing, is found to have violated this chapter or any  
17 rule adopted or order issued pursuant to this chapter, may  
18 be ordered to cease and desist from engaging in the conduct  
19 resulting in the violation and may be assessed a civil penalty  
20 as provided in section 505.7A.

21 *b.* A person who, after hearing, is found to have violated  
22 this chapter by acting as a public adjuster without proper  
23 licensure may be ordered to cease and desist from engaging in  
24 the conduct resulting in the violation and may be assessed a  
25 civil penalty according to the provisions of chapter 507A.

26 *c.* If a person has engaged, is engaging, or is about to  
27 engage in any act or practice constituting a violation of  
28 this chapter or any rule adopted or order issued pursuant to  
29 this chapter, the commissioner may issue a summary order that  
30 includes a brief statement of findings of fact, conclusions of  
31 law, and policy reasons for the order, and that directs the  
32 person to cease and desist from engaging in the act or practice  
33 constituting the violation and that may assess a civil penalty  
34 or take other affirmative action as in the judgment of the  
35 commissioner is necessary to assure that the person complies

1 with the requirements of this chapter as provided in chapter  
2 507A.

3     *d.* If a person does not comply with an order issued pursuant  
4 to this subsection, the commissioner may petition a court of  
5 competent jurisdiction to enforce the order. The court shall  
6 not require the commissioner to post a bond in an action or  
7 proceeding under this subsection. If the court finds, after  
8 notice and opportunity for hearing, that the person is not in  
9 compliance with an order, the court may adjudge the person to  
10 be in civil contempt of the order. The court may impose a civil  
11 penalty against the person for contempt in an amount not less  
12 than three thousand dollars but not greater than ten thousand  
13 dollars for each violation and may grant any other relief that  
14 the court determines is just and proper in the circumstances.

15     Sec. 37. Section 598.20A, Code 2011, is amended to read as  
16 follows:

17     **598.20A Beneficiary revocation — life insurance.**

18     1. Except as preempted by federal law, if a decree of  
19 dissolution, annulment, or separate maintenance is issued after  
20 ~~an insured~~ the policy owner of an insurance contract insuring  
21 the policy owner's own life has designated the ~~insured's~~ policy  
22 owner's spouse or one or more relatives of the ~~insured's~~ policy  
23 owner's spouse as a beneficiary under a life insurance policy  
24 in effect on the date of the decree, a provision in the life  
25 insurance policy making such a designation is voided by the  
26 issuance of the decree unless any of the following apply:

27     *a.* The decree designates the ~~insured's~~ policy owner's former  
28 spouse or one or more relatives of the ~~insured's~~ policy owner's  
29 spouse as beneficiary.

30     *b.* After issuance of the decree, the ~~insured~~ policy owner  
31 executes a designation of beneficiary form provided by the  
32 insurance company naming the ~~insured's~~ policy owner's former  
33 spouse or one or more relatives of the ~~insured's~~ policy owner's  
34 former spouse as beneficiary.

35     *c.* The ~~insured~~ policy owner and the ~~insured's~~ policy owner's

1 former spouse remarry.

2 2. If a beneficiary designation is not effective pursuant to  
3 subsection 1, the benefits or proceeds of the life insurance  
4 policy are payable to an alternate beneficiary, or if there is  
5 no alternate beneficiary, to the estate of the insured policy  
6 owner.

7 3. An insurer who pays benefits or proceeds of a life  
8 insurance policy to a beneficiary under a designation that is  
9 void pursuant to subsection 1 is not liable for payment to an  
10 alternative beneficiary as provided under subsection 2 unless  
11 both of the following apply:

12 a. At least ten days prior to payment of the benefits  
13 or proceeds of the life insurance policy to the designated  
14 beneficiary, the insurer receives written notice at the home  
15 office of the insurer that the designation of the beneficiary  
16 is not effective pursuant to subsection 1.

17 b. The insurer has failed to interplead the benefits or  
18 proceeds of the life insurance policy in a court of competent  
19 jurisdiction in accordance with the rules of civil procedure.

20 4. This section does not limit the right of a beneficiary  
21 to seek recovery from any person or entity that erroneously  
22 receives or collects the benefits or proceeds from a life  
23 insurance policy.

24 5. This section does not affect the right of ~~an insured's~~  
25 ~~former~~ a policy owner's spouse to assert an ownership interest  
26 in a life insurance policy insuring the life of the policy  
27 owner that is not disclosed to the ~~insured's~~ policy owner's  
28 spouse prior to the decree of dissolution, annulment, or  
29 separate maintenance and that is not addressed by the decree.

30 6. For purposes of this section, "*relative of the insured's*  
31 *policy owner's spouse*" means a person who is related to the  
32 ~~insured's~~ policy owner's former spouse by blood, adoption,  
33 or affinity, and who, subsequent to a decree of dissolution,  
34 annulment, or separate maintenance, ceases to be related to the  
35 ~~insured~~ policy owner by blood, adoption, or affinity.

1     Sec. 38. REQUEST FOR AMENDMENT OF CONTRACT PROVISIONS  
2 BY HIPIOWA-FED. Within thirty days after enactment of the  
3 sections of this Act amending sections 514E.1 and 514E.2,  
4 HIPIOWA-FED, the limited liability company organized by  
5 the Iowa comprehensive health insurance association for the  
6 purpose of administering the state of Iowa temporary high-risk  
7 insurance pool program pursuant to a contract with the United  
8 States department of health and human services, shall request  
9 that the United States department of health and human services  
10 amend the requirements of the contract between HIPIOWA-FED  
11 and the department to allow HIPIOWA-FED to accept third-party  
12 payment of premiums for an individual enrolled in the program.

13     Sec. 39. EFFECTIVE UPON ENACTMENT. The following  
14 provision or provisions of this Act, being deemed of immediate  
15 importance, take effect upon enactment:

- 16     1. The section of this Act enacting section 507C.17A.
- 17     2. The section of this Act amending section 514E.1.
- 18     3. The sections of this Act amending section 514E.2.